

## Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY SAIGON

INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

USSAGE NKP

CINCPAC

COGARD

TREASURY

XMT AMEMBASSY SUVA

UNCLAS STATE 133806

COGARD FOR POLAD

E.O. 11652: N/A

TAGS:PFOR, XC,US

SUBJECT: JUNE 21 EA PRESS SUMMARY

INDONHINA

1. RADIO HANOI CHARGES US PILOTS FLY F-5AS TO BOMB AND STRAFE "POPULOUS AREAS" NEAR BEN CAT. AMEMBASSY SAIGON SAYS NHARGE "RIDICULOUS", POINTS OUT THAT USAFHA ,NO OPERATIONAL F-5S IN SEA. SAIGON MIL SPOKESMAN SAYS THERE ARE NO FOREIGN PILOTS IN VNAF (UPI, NYT).

2. NVN MFA CALLS AMEMBASSY SAIGON AND DOS STATEMENTS UNCLASSIFIED

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FOLLOWING JUNE 18 MEETINGS OF JMC AND FPJMT "BRAZEN SLANDERS", AIMED AT "FOOLING" WORLD OPINION AND COVERING UP CONT NUING "MIL INVOLVEMENT AND INTERVENTION" IN SVN (REUTER HK). FPJMT RESUMES NEGOTIATIONS ON

MIA QUESTION (AP, BALTO N-A 6/20). US AGAIN CHARGES COMMUNISTS WITH CONTINUING TO BLOCK MIA SEARCH (UPI, NYT).

3. NHAN DAN, COMMENTING ON PRES.' NAVAL ACADEMY SPEECH AND EARLIER STATEMENTS BY SENSTATE AND SECDEF BEFORE HFAC, ACCUSES US OF USING AID PROGRAM TO MAINTAIN MIL INVOLVEMENT IN INDOCHINA AND ME (REUTER, CSM 6/20).

4. GVN COMMAND SAYS ITS FORCES SANK 100TONNVN LANDING CRAFT APPARENTLY LOADED WITH ARMS AND AMMO, SAYS FOUR OTHER "UNIDENTIFIED" BOATS ALSO SPOTTED ALONG SVN COAST JUST BELOW DMZ (AP, BALTO N-A 6/20). VC SPOKESMAN SAYS NVN VESSEL SUNK BY GVN WAS CIVILIAN TRANSPORT ATTACKED IN VC WATERS, CALLS INCIDENT C-F VIOLATION (REUTER SAIGON).

5. #HK RETURNS 118 ETHNIC CHINESE CITIZENS OF SVN TO SAIGON AFTER GROUP TRIED TO ENTER ILLEGALLY. DIPLOMATIC SOURCES SAY 97 WERE YOUNG MALES BELIEVED EVADING DRAFT; GROUP HAD LEFT SVN WITHOUT PASSPORTS ON SMALL FISHING BOATS AND WERE TRANSFERRED TO HK-REGISTERED JUNKS AT SEA, BUT WERE PICKED UP BY HK LAUNCH JUST BEFORE REACHING DESTINATION. GVN CONSULATE IN HK PLEDGES THAT GROUP WILL NOT BE DEALT WITH HARSHLY, WHICH IS INTERPRETED TO MEAN THAT ELIGIBLES WOULD BE DRAFTED RAPIDLY. SAIGON POLICE SOURCES SAY INVESTIGATION UNDER WAY TO BREAK UP APPARENTLY WELL-ORGANIZED SYSTEM TO ENABLE DRAFT-AGE ETHNIC CHINESE TO EVADE EMIGRATION LAWS (REUTER, CSM).

6. LAT'S MCARTHUR FROM SAIGON (6/20) DESCRIBES AUSTERE ARMED FORCES DAY, WITH THIEU NOT SEEN AND "LOUD" RUMBLINGS OF ECON AND MIL DISCONTENT. NO HIGH-RANKING GVN OFFICIALS ATTENDED; DRAB EVENT CONTRASTS WITH LAST YEAR'S SPECTACLE OF ROUSING SPEECHES. THIEU GAVE ONLY TAPED "PERFUNCTORY PERFORMANCE" THAT CALLED ON SOLDIERS TO CONSERVE AMMO BECAUSE US AID HAS SHARPLY UNCLASSIFIED

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DIMINISHED. TEAHOUSE GOSSIP SAYS THIEU UNDER MORE PRESSURE FROM BOTH WITHIN AND WITHOUT GVN. HE DID, HOWEVER, MAKE TOUGH SPEECH TO SOLDIERS AT PRIVATE CEREMONY IN WHICH, ACCORDING AP, HE ORDERED CRACK-DOWN ON CORRUPTION AND BARRED MILITARY FROM POLITICAL ACTIVITIES. MCARTHUR COMMENTS THAT VIRTUALLY EVERYONE IN SVN IS HURTING FROM ECON STAGNATION AND INFLATION, MILITARY HIERARCHY IS UPSET WITH DWINDLING US AID AND PRESENCE OF NVN TROOPS DESPITE C-F. BIG CORRUPTION SCANDALS ADD TO GROWING DISCONTENT. RECENTLY, PROMINENT SENATOR ATTACKED HIGH-RANKING MILITARY FOR CORRUPTION AND THIS "UNUSUAL PUBLIC STATEMENT" WAS ECHOED BY SIMILAR BLAST FROM ANTIGOV'T ROMAN CATHOLIC GROUP. SUCH

THINGS GIVE RISE TO POLITICAL GOSSIP THAT THIEU IS IN TROUBLE, THOUGH "GENERALLY ACCEPTED" THAT DAY OF MIL COUP IS "AT LEAST TEMPORARILY" OVER IN SVN.

7. CSM FROM PP WRITES THAT STUDENT-TEACHER UNREST APPEARS TO HAVE SUBSIDED IN WAKE OF KILLINGS OF GKR OFFICIALS, BUT "RESURGENCE APPEARS INEVITABLE." BASIC TROUBLE IS TEACHERS' PAY, THOUGH DECLINING MORALE

BENEFIT OF WAR AND MANIPULATION BY POLITICAL GROUPS ALSO PLAY PART. ARTICLE REVIEWS CHANGING POSITION OF TEACHERS FROM PRE-WAR ELITE TO PRESENT POVERTY, AND INCREASING POLITICAL ACTIVITY BACKED BY STUDENTS WHO CAN "NO LONGER AFFORD SCHOOLBOOKS" THAT CULMINATED IN RECENT BLOODY DEMONSTRATION. STUDENTS "WHO ARE TO BE SEEN" EXPRESS HORROR AT KILLINGS, BUT SAY THAT THEY HAVE NO CHOICE BUT TO CONTINUE ANTI-GKR CAMPAIGN UNLESS PRICES DROP AND THEY HAVE ENOUGH MONEY TO LIVE.  
CHINA

8. REUTER'S SHARP, IN PEKING, REPORTS NEW WALL POSTERS DEMANDING THAT ALL BUREAUCRATS SHOULD HAVE SAME PAY AS WORKERS AND SHOULD BE DENIED ALL PRIVILEGES. POSTERS SIGNED BY CCP OFFICIAL, WHO CALLED FOR MASS DISCUSSIONS PRIOR TO ELECTION OF OFFICIALS AND FOR STRENGTHENING OF MILITIA. OBSERVERS SAY PROPOSALS ARE IN LINE WITH STRONG RADICAL TONE APPEARING IN MANY OF POSTERS, AND THAT, IN FACT, WAGE DIFFERENTIAL BETWEEN OFFICIALS AND WORKERS IS NOT VERY LARGE IN  
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MOST CASES.

9. WE (PEKING) REPORTS NEW POSTER CAMPAIGN HIDDEN AWAY FROM MAN-IN-STREET APPEARED UNDERWAY IN CHINA THURSDAY. HALLWAYS, DOORWAYS AND INSIDE WALLS OF FACTORIES, PUBLIC BUILDINGS AND APARTMENT COMPOUNDS IN CAPITAL WERE PLASTERED WITH LONG STRETCHES OF MULTICOLORED POSTERS THAT FOREIGNERS NOT ALLOWED TO APPROACH.

10. REUTER PEKING (6/20) SAYS LI CHUN-SHEN OF SZECHWAN PROVINCE, WHO IS RESPONSIBLE FOR ONE OF PROTEST POSTERS DISPLAYED IN CITY IN PAST WEEK, CLAIMED THURSDAY THAT HE HAD BEEN ARRESTED AND HELD OVERNIGHT BY PEKING POLICE BECAUSE AUTHORITIES DID NOT LIKE WHAT HE HAD WRITTEN IN HIS FIRST POSTER, DESPITE FACT CHINESE ARE BEING ENCOURAGED TO AIR GRIEVANCES IN "BIG CHARACTER" POSTERS. LI HAD CLAIMED IN HIS ORIGINAL POSTER THAT HE WAS MISTREATED BY AUTHORITIES AT HIS FACTORY AND DETAINED 38 DAYS. REUTER SAYS HIS CLAIM, STRAIGHT, IS FURTHER EVIDENCE THAT PEKING AUTHORITIES ARE ATTEMPTING TO KEEP CURRENT PROTEST POSTER WAVE WITHIN

CERTAIN LIMITS -- BANNING ATTACKS ON NATIONAL LEADERS  
BY NEME AND PROHIBITING VOICING OF SPECIFIC GRUDGES ON  
ISSUES NOT DIRECTLY LINKED TO CAMPAIGN TO WIPE OUT  
RIGHT-WING INFLUENCES.

11. BUSINESS WEEK (6/15) REPORTS PRC THINKING OF  
SEND NG TO US A "VERSION" OF CANTON FAIR TO VISIT 40  
CITIES DSRING TWO YEAR PERIOD BEGINNING 9/75. FAIR IS  
BRAINCHILD OF CHINA TRADE CORP. CHIEF CHAS ABRAMS WHO  
SAYS PRC "PROMISED TO COOPERATE", AGREED TO SUPPLY HIM  
WITH US ONE MILLION IN GOODS TO BEGIN. FRIENDSHIP  
STORES AT FAIR WOULD SELL CANDY, TEXTILES, HARDWARE,  
ARTS & CRAFTS. ABRAMS HOPES FOR 10 MILLION "PROFIT"  
FROM ADMISSION FEES ALONE, PLUS SALES, WHILE CHINESE  
HOHE FIND OUT WHAT US CONSUMER WANTS.

12. PRC AND JAPAN ON THURSDAY SUSPENDED NEGOTIATIONS  
THEY BEGAN MAY 25 FOR FISHING AGREEMENT, ACCORDING  
JAPANESE SOSRCE IN PEKING. CLRHFDTTASON IS  
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REPORTEDLY DIVERGENCE OF VIEWS ON ZONES TO BE BANNED  
TO JAPANESE BOATS (AFP, WP).

13. NYT'S TELTSCH, WRITING FROM UN ON "CRITICAL"  
WORLD FOOD SITUATION, SAYS ANY ASSESSMENT OF THIS  
YEAR'S FOOD OUTLOOK IS COMPLICATED BY SOMIET PRACTICE  
OF WITHHOLDING FORECASTS AND PRC'S REFUSAL TO DISCLOSE  
OUTPUT.

14. GRC ECONOMICS MINISTRY ANNOUNCES TAIPEI WILL  
HELP IVORY COAST ESTABLISH EXPORT PROCESSING ZONE  
TO DEMELOP EXPORT INDUSTRY (AFP, WP).

JAPAN

15. SOURCES IN JAPANESE WHALING INDUSTRY SAY THEY WILL  
NOT ACCEPT MORATORIUM ON WHALE HUNTING EVEN IF VOTED BY  
IWC, BUT WILL LODGE "OBJECTION" TO EXEMPT THEMSELVES  
FROM ANY SUCH DECISION (JOC). CONGRESS HOLDING  
HEARINGS ON BILL TO ORDER BOYCOTT AGAINST JAPANESE  
AND SOVIET GOODS IF THEY ENGAGE IN HARMFUL FISHING  
OPERATIONS. NO POSITION TAKEN YET BY ADMIN ON BILL  
(CSM).

16. TREASURY SAYS JAPAN IS DUMPING NON-POWER HAND  
TOOLS ON US MARKET; CASE GOING O TO TARIFF  
COMMISSION TO DETERMINE IF INJURY TO US INDUSTRY  
OCCURRED. IF SO, COULD RESULT IN EITHER JAPANESE  
PRICE RISE ON TOOLS OR ORDER OF SPECIAL IMPORT DUTIES  
(NYT, WSJ).

17. SUN'S SEIDEN SAYS GOVT CONTROLS DESIGNED TO SLOW JAPAN'S ECONOMY HAVE SUCCEEDED IN REDUCING INFLATION AND GROWTH. BUT RECENT 30 PERCENT WAGE HIKE AND 50 PERCENT RISE IN SOME FUEL COSTS WILL BRING A NEW ROUND OF INFLATION THIS FALL, LEADING ECONOMISTS SAY. PLANNERS ARE ENCOURAGED, HOWEVER, BY SEEMING SUCCESS OF AUSTERITY MEASURES DESIGNED TO CURB CONSUMER DEMAND.

18. NY METS WILL TOUR JAPAN, PLAY GOODWILL GAMES  
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BEGINNING OCT. 24 (REUTER TOKYO).

AUSTRALIA

19. RESPONDING TO US PROPOSAL FOR VOLUNTARY RESTRAINTS ON AUSSIE BEEF EXPORTS, MEAT INDUSTRY SPOKESMEN DENY DUMPING MEAT ON US MARKET. WHILE BEEF PRICES DOWN, SPOKESMEN MAINTAIN THEY ARE STILL AT WORLD LEVEL. SOME SPECULATION THAT US PROPOSALS ARE MERELY FACE-SAVING TO PLACATE AMERICAN BEEF INDUSTRY LOBBY (REUTER CANBERRA).

KOREA

20. SK RED CROSS PROPOSES REOPENING AT END OF NEXT MONTH DISCUSSIONS WITH N. KOREANS ON REUNITING DIVIDED FAMILIES (REUTER SEOUL).

BURMA

21. TWO RUSSIAN DOCTORS RELEASED BY BURMESE REBEL WHO HAD HELD THEM CAPTIVE SINCE APRIL '73. DOCTORS WERE PART OF TEAM SENT UNDER SOVIET-BURMESE MEDICAL PROGRAM TO TREAT WOUNDED VILLAGERS ON THAI BORDER (WP).

LOS

22. 5#000 DELEGATES FROM ALL BUT TWO NATIONS--ROC AND NVN--MEET AT CARACAS. ROC WAS NOT INVITED AND NVN REFUSED TO ATTEND BECAUSE VC NOT INVITED. US, SOVIET AND OTHER MAJOR MARITIME POWERS SEEKING TO BLOCK DEMANDS OF DEVELOPING COUNTRIES -- SUPPORTED BY CHINA -- FOR BROADER CONTROL OF COASTAL WATERS. PRC STATEMENT DENOUNCES "OBSTRUCTION AND SABOTAGE" OF US AND RUSSIA, SAYING SUPERPOWERS HAVE "NO RIGHT WHATSOEVER" TO SET TERRITORIAL LIMITS FOR OTHER "SOVEREIGN" COUNTRIES. US AND SOVIET HAVE MADE CLEAR THAT THEIR ACCEPTANCE OF ANY PACT WILL DEPEND ON CONTINUED RIGHTS OF

NAVIGATION THROUGH INTERNATIONAL STRAITS, INCLUDING  
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MALACCA (AP WP, SUN; NYT; UPI, BALTIMORE 6/20).

COMMENT AND ANALYSIS

CAMBODIA

23. ELIZABETH BECKER (WP) IN PP CITES "WELL-INFORMED DIPLOMAT" THAT AMERICANS HAVE RUN OUT OF OPTIONS IN CAMBODIA BECAUSE OF GKR CORRUPTION. PROVIDES ACCOUNT OF AMBASSADOR DEAN MAKING SURPRISE VISIT TO ML AIRFIELD AT POCHENG TONG. UPSET AT SIGHT OF SOLDIERS IN TATTERED UNIFORMS, HE ASKED WHERE WERE UNIFORMS SUPPLIED BY US. INVESTIGATION REVEALED THAT NEW CAMOUFLAGE FATIGUES WERE IN STOREROOM, PACKED IN BOXES MARKED "OLD UNIFORMS FOR CLEANING RAGS." ANGRY AMBASSADOR ORDERED BOXES PLACED ON TARMAC AND PERSONALLY SET THEM AFIRE.

BECKER SAYS DEAN'S DISGUST IS SHARED BY OTHERS WHO HAVE SEEN HOW CORRUPTION AT HIGH MIL AND GOVT. LEVELS FRUSTRATED US AID EFFORTS. QUOTES EUROPEAN DIPLOMAT THAT, "IT IS UNPLEASANT FOR US TO THINK THAT A SMALL GOVERNMENT LIKE THE KHMER REPUBLIC CAN DEFEAT US POLICY THROUGH CORRUPTION."

DIPLOMATS, BUSINESSMEN AND POLITICIANS OPERATE ON ASSUMPTION THAT GENERALS ALLIED TO LON NOL, IN COOPERATION WITH CHINESE MERCHANTS, MAKE MILLIONS BY ILLEGALLY CONTROLLING COMMERCIAL TRAFFIC AND DIVERTING US AID. AMONG GENERALS MOST OFTEN NAMED ARE MIN OF INTERIOR, MIN OF DEFENSE, AND NEW COMMANDER OF ARMY DIVISION GUARDING CHAMCARMON PALACE. CORRUPTION SO FIRMLY IMPLANTED THAT US CAN WORK ONLY AROUND EDGES OF POWER CENTER, AND CANNOT AFFORD TO TRY TO TOPPLE THE SYSTEM ITSELF.

FIELD GENERALS NOT CLOSE TO PALACE ARE FRUSTRATED BY CORRUPTION WHICH PREVENTS THEIR SOLDIERS FROM GETTING PAY, ARMS AND AMMO. GENERALS IN PP GENERALLY OWE ALLEGIANCE TO LON NOL FOR YEARS OF FAVORS, AND LON NOL ALLEGEDLY "IS CASHING IN ON HIS DEBTS."  
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MOST MONEY REPORTEDLY MADE THROUGH SALES OF ARMS AND AMMO - WHICH MAKES UP 20 TO 30 PERCENT OF US AID - AND ILLEGAL TAXES AND BLACKMAIL OF MERCHANTS. BROTHER LON NON SAID TO HAVE LEFT CAMBODIA AFTER

GETTING 90 MIL DOLLARS ILLEGALLY.

WELL-INFORMED MIL SOURCE, NOTING THAT US POLICY IS TO ENCOURAGE POLITICAL SETTLEMENT, SAYS KHMER GENERALS CAN SEE WRITING ON WALL AND ARE MAKING MONEY AS FAST AS THEY CAN BEFORE THE WAR IS OVER FOR THEM.

24. MILWAUKEE JOURNAL (6/20) ASKS, WHAT ARE WE DOING IN CAMBODIA? QUOTES WITH APPROVAL NIXON COMMENTS DURING 1970 CAMBODIA INCURSION THAT US INTERESTS ONLY MOMENTARY, US MISSION SKELETAL SIZE, US AID NON-EXISTENT, AND OUR ACTION DESIGNED FOR PURPOSE OF ENDING VN WAR. YET WITH VN WAR AT LEAST THEORETICALLY OVER, US IS STILL UP TO ITS NECK IN CAMBODIA WITH ECONOMIC AND MILITARY AID PROGRAMS FOR FALTERING GKR, US DIPLOMATIC STAFF NUMBERS "IN HUNDREDS" AND AMB. DEAN "RATHER OPENLY" PLAYS MAJOR ROLE IN RUNNING WHAT'S LEFT OF COUNTRY UNDER LON NOL'S CONTROL. SO WHAT ARE WE DOING THERE? WE HAVE NO TREATY COMMITMENTS, SURVIVAL OF LON NOL GOVT. NOT NECESSARY FOR PROTECTION OF US TROOPS, AND PRESIDENT SEEMS TO HAVE FORGOTTEN HIS INITIAL ASSESSMENT ABOUT INSUBSTANTIAL NATURE OF US INTERESTS IN CAMBODIA.

VIETNAM

25. SP VIEWS FOOD FOR PEACE PROGRAM IN INDOCHINA AS "FOOD FOR WAR." NOTES THAT IN FY1974, VN AND CAMBODIA WERE ASSIGNED COMMODITIES WORTH ALMOST TEN TIMES AS MUCH AS THAT FOR FAMINE AREAS OF SAHEL AND ETHIOPIA. TO EXTENT THAT FOOD FOR PEACE ALLOWS SAIGON AND PP TO FIGHT ON AND AVOID COMMITMENTS WITH THEIR POLITICAL RIVALS, FOOD FOR PEACE MAY ACTUALLY INCREASE HUNGER IN THOSE COUNTRIES. POST THEREFORE SUPPORTS AS "MODEST AND SOUND" SYMINGTON-HARRINGTON AMENDMENT TO AGRIC. APPROPRIATION UNCLASSIFIED

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ACT WHICH PLACES COUNTRY CEILINGS RATHER THAN JUST WORLDWIDE CEILING ON FOOD FOR PEACE.

PHILIPPINES

26. NYT'S SCHANBERG IN DELAYED ARTICLE DATED MANILA JUNE 13 DISCUSSES MARCOS' MOSLEM MESS. OBSERVES THAT IN ADDITION TO DRAINING GOP RESOURCES AND MANPOWER, INSURGENCY IS ALSO THREATENING TO DISTURB STABILITY OF REGION BECAUSE MANILA CHARGES THAT MALAYSIA, WHICH PREDOMINANTLY MOSLEM, HAS AIDED INSURGENTS; AND GOP HAS CONTINUED CLAIM TO SABAH, WHERE MOST OF AID IS SAID TO BE COMING FROM. MALAYSIA DENIES HELPING REBELS.

ARAB OIL NATIONS, ON WHOM PHILS DEPENDS FOR 80 PERCENT OF ITS OIL, ARE ALSO IN PICTURE - AND MANILA, TO AVOID REDUCTION IN SUPPLY OR PRICE INCREASE, IS TRYING TO CONVINCE ME OIL SUPPLIERS THAT MOSLE? PROBLEM IS BEING HANDLED HUMANELY.

ISSUE IS EXPECTED TO APPEAR AT 5TH ISLAMIC FM CONFERENCE OPENING IN KL JUNE 20. GOP FEARS THAT SOME ATTEMPT MAY BE MADE TO CONDEMN PHIL TREATMENT OF ITS MOSLEMS, AND IS DO NG EVERYTHING POSSIBLE TO GET MATTER SOFT-PEDALED. MANILA, FOR ONE THING, HAS RUSHED NEW - AND MOSLEM - AMBASSADOR TO MALAYSIA TO MAKE MORE EFFENTIVE PRESENTATION OF CASE, AND MARCOS CLINGS TO HOHE THAT FRIENDLY MOSLEM COUNTRIES MIGHT BE ABLE TO PREVENT DEBATE. AT REQUEST OF GOP, INDONESIA HAS BEEN TRYING TO MEDIATE MALAYSIAN-PHILS DISPUTE; DESPITE RECENT SUHARTO EFFORTS IN SEPARATE MEETINGS WITH RAZAK AND MARCOS, LITTLE PROGRESS DISCERNIBLE. MOST DIPLOMATIC OBSERVERS THINK GOP HAS VERY LITTLE TO TRADE FOR MALAYSIAN NONINTERFERENCE IN INSURGENCY, EXCEPT PERHAPS BY OFFERING TO RENOUNCE HER CLAIM TO SABAH.

MEANWHILE, MARCOS GOVT. KEEPS UP BIG PR CAMPAIGN TO WOO ITS OWN MOSLEMS AS WELL AS THOSE IN ME.

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27. EX-FSO JOHN TAYLOR (CSM) DISCUSSES MOSLEM INSURGENCY IN PHILS, AND MALAYSIAN ROLE. CITES FEW OBSERVERS EXPECT THAT PHIL-MALAYSIAN IMPASSE TO REACH STRIDENCY OF INDONESIA-MALAYSIA CONFRONTATION OF SUKARNO DAYS. FACT THAT MANILA HAS MADE NO PUBLIC CHARGES OF MALAYSIAN INVOLVEMENT IS PERHAPS BEST INDICATION OF HOHE THAT THE ISSUE MAY BE SOLVED THROUGH DIPLOMATIC CHANNELS. TAKES VIEW THAT OVER THE LONG TERM, SOLUTION TO FIL MUSLIM PROBLEM COULD PROVE ELUSIVE. ANY SIGNIFICANT DIVERSION OF FINANCIAL RESOURCES TO SULU ARCHIPELAGO COULD JEOPARDIZE NEW SOCIETY PROGRAMS ON WHICH MARCOS HAS STAKED HIS FUTURE, TAYLOR CONCLUDES.

PRC/MALAYSIA

28. FROM CANBERRA, DENIS WARNER (KCTIMES 6/14) SAYS MALAYSIA'S ESTABLISHMENT OF DIPLOMATIC RELATIONS WITH CHINA IS WONDERFUL NEWS FOR SEA. SAYS RAZAK WENT TO PEKING, "NOT TO KOWTOW BUT, BY STRAIGHT TALKING, TO NEGOTIATE TERMS" THAT TAKE CARE OF SEA'S FEARS OF PRC. "HE DID NOT PRETEND, AS OTHERS HAVE PRETENDED, THAT CHINA WAS INNOCENT OF SUBVERSION AS HE MADE CLEAR HIS RESERVATIONS ABOUT WHAT MIGHT



HAPPEN IN THE FUTURE. HIS APPROACH WAS DARING. IT  
WAS ALSO HIGHLY SUCCESSFUL. MALAYSIA EMERGES WITH

ITS DIGNITY ENHANCED, AND ITS FUTURE SAFEGUARDED,  
BY CHINESE CONCESSIONS AND COMPROMISES THAT WOULD  
NOT HAVE BEEN FORTHCOMING IF HE HAD GONE AS A SYCOPHANT."  
SAYS SOME OF AGREEMENTS REACHED MUST HAVE MADE  
CHINESE WINCE, FOR THEY "HAVE, IN EFFECT, TURNED THEIR  
BACKS ON CHIN PENG" AND MALAYSIAN CP. OPPOSITION TO  
CREATION OF SPHERES OF INFLUENCE IS "VERY CONSIDERABLE  
STEP FOR PEKING TO HAVE TAKEN. POSSIBILITY OF A  
MASSIVE CHINESE INVASION OF SEA WAS ALWAYS THE FIGMENT  
OF IMAGINATION. BUT A SPHERE OF INFLUENCE IS  
DIFFERENT."

WARNER OBSERVES THAT PEKING WRUNG WHAT MIGHT BE  
CONSIDERED CONCESSION OVER TAIWAN, FOR GOM  
"ACKNOWLEDGED" PRC POSITION RATHER THAN "TAKING  
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NOTE" OF HER CLAIMS TO ISLAND. IN COMPROMISE  
FORMULA REACHED REGARDING CHINESE RESIDENTS IN  
MALAYSIA "THERE ARE INGREDIENT  
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